Canada Public Service Agency

2007–08 Departmental Performance

The Honourable Vic Toews
President of the Treasury Board

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Section I – Overview

Minister's Message

As President of the Treasury Board of Canada, I am pleased to present the 2007–2008 *Departmental Performance Report* of the Canada Public Service Agency.

For 140 years, the Public Service of Canada has been loyally serving governments of the day in helping to deliver the many policies, programs and services that make a difference in the lives of Canadians. It is Canada's largest employer, offering a vast array of career opportunities and one of the most dynamic work environments in the country.

The Public Service is also an institution that is in transition. Shifting demographics and global contexts, coupled with fast-paced change domestically, require a Public Service that is multi-skilled, nimble and positioned to take on challenges and opportunities. For this reason, a process of modernizing human resources management was initiated a number of years ago, setting the Public Service on a path of revitalization and renewal of its greatest asset—its people.

The Canada Public Service Agency plays a focal point role in these efforts through its policy and direction-setting responsibilities, by supporting departments in achieving people management excellence and by ensuring the ongoing integrity and sustainability of the Public Service.

Public and private sector organizations within Canada and around the world have long understood that people management is the foundation for organizational success. This is no different in the Public Service and has never been more important than it is today. I invite you to visit http://www.psagency.gc.ca to follow the progress of the Canada Public Service Agency in leading our efforts as we strive toward this fundamental goal.

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The Honourable Vic Toews, P.C., Q.C., M.P.
President of the Treasury Board

Management Representation Statement

I submit for tabling in Parliament the *2007–08 Departmental Performance Report* for the Canada Public Service Agency.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007–08 Estimates: Reports on Plans and Priorities and Departmental Performance Reports.*

It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance.

It is based on the department's approved Strategic Outcome(s) and Program Activity Architecture that were approved by the Treasury Board.

It presents consistent, comprehensive, balanced and reliable information.

It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.

It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

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Nicole Jauvin, President
Canada Public Service Agency

Summary Information

Agency's raison d'être

The Public Service Human Resources Management Agency of Canada, now referred to as the Canada Public Service Agency serves as the focal point and centre of expertise for the people management of the federal public service. Its core objective is to work toward establishing a public service workforce and workplace that is second to none.

To effectively pursue its mandate, the Agency aims to achieve the following strategic outcome as identified on page 8 of the *2007–08 Report on Plans and Priorities*:

> *A modern, professional public service dedicated to the public interest and supporting ministers in democratic governance, representative of the Canadian public and serving Canadians with excellence in the official language of their choice, with employees effectively and ethically led in a high-quality work environment respectful of their linguistic rights.*

In striving toward this goal, the Agency exercises leadership in areas such as classification, learning, leadership, management of executives, official languages, values and ethics, employment equity and employment policies. It also exercises leadership by building and supporting partnerships, including supporting key governance instruments such as the Prime Minister's Advisory Committee on the Public Service and the Deputy Ministers' Committee on Public Service Renewal. The Agency delivers services that support public servants, managers and the people management community, including a suite of leadership development and interchange programs, executive staffing at the Assistant Deputy Minister (ADM) level, government-wide awards and recognition programs, and capacity building across a broad range of people management issues and areas. The Agency also ensures the ongoing integrity and sustainability of the people management system through monitoring, measuring and reporting, research, and transformational projects such as work on human resources (HR) business process re-engineering. These are the tools the Agency uses to support federal departments, agencies and institutions in delivering advice to the Government and services to Canadians.

The legal mandate of the Agency flows from the powers delegated to it by the Treasury Board in the *Financial Administration Act* over the following:

- ▸ human resources management;
- ▸ official languages;
- ▸ employment equity; and

‣ values and ethics.

These powers are supplemented by the Agency's responsibilities under these statutes:

‣ *Public Service Modernization Act*;

‣ *Public Service Employment Act*;

‣ *Official Languages Act*;

‣ *Public Service Labour Relations Act*;

‣ *Employment Equity Act*; and

‣ *Public Servants Disclosure Protection Act*.

These powers define the Agency's people management responsibilities for the Public Service.

Financial Resources

The following table summarizes the total financial resources the Agency managed in 2007–08.

2007–08 ($ thousands)		
Planned Spending	Total Authorities	Actual Spending
69,260	96,931 (a)	93,379 (b)

(a) The difference of $27.6M between the authorities of $96.9M and the planned spending of $69.3M is mainly attributable to the increase in funding of $17.4M to continue human resources management modernization, $4.5M for the classification program, $2.8M for activities to implement the *Public Service Modernization Act* and $2.9M for implementation of the *Public Servants Disclosure Protection Act*.

(b) Actual spending of $93.4M includes operating expenditures of $6.1M for participants in leadership programs, and $9.3M for corporate services provided by the Department of Finance.

Total authorities of $96.9M less actual spending of $93.4M results in lapsing funds of $3.5M.

Human Resources

The following table summarizes the total human resources the Agency managed in 2007–08.

2007–08		
Planned	Actual	Difference
490	679 (c)	189

Planned and actual human resources include 83 full-time equivalents (FTEs) in the Department of Finance who provide corporate services to the Agency.

(c) Reported FTEs do not include the 94 FTEs participating in leadership development programs, although part of their salaries is included in actual expenditures.

Agency Program Activity Architecture

In 2007–08, the Agency's priorities and plans were found in three interrelated program activities. Each is composed of key results areas as shown in the following chart. The chart matches page 8 of the *2007–08 Report on Plans and Priorities*.

All program activities of the Agency contribute to the achievement of the Government of Canada outcome area of Government Affairs.
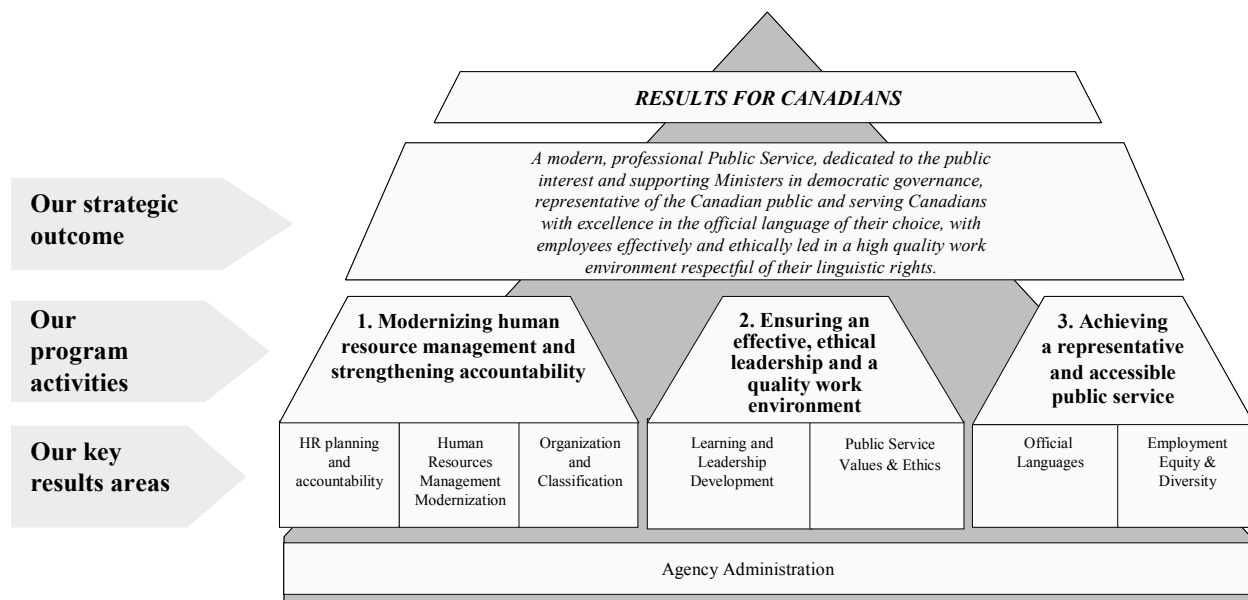
Agency Planned and Actual Spending by Program Activity

The following table identifies the planned and actual 2007–08 spending for each of the Agency's program activities and identifies priorities for each.

Strategic Outcome: A modern, professional Public Service dedicated to the public interest and supporting ministers in democratic governance, representative of the Canadian public and serving Canadians with excellence in the official language of their choice, with employees effectively and ethically led in a high-quality work environment respectful of their linguistic rights.				
Program Activity	**Key Results Areas from the Report on Plans and Priorities**	**Planned Spending ($000)**	**Total Authorities ($000)**	**Actual Spending ($000)**
1. Modernized HR management and strengthened accountability	1.1. Enable and embed HR modernization and Public Service renewal 1.2. Modernize the Public Service Classification System 1.3. Strengthen HR planning, accountability, reporting and transparency	15,115	42,518	41,562
2. Effective, ethical leadership and a quality work environment	2.1. Foster strong, effective learning and ongoing leadership renewal 2.2. Promote and embed Public Service values and ethics at all levels	42,907	44,027	41,908
3. A representative and accessible Public Service	3.1. Achieve and maintain employment equity plans and priorities 3.2. Achieve and maintain official languages plans and priorities	11,238	10,386	9,909
Total for Agency		**69,260**	**96,931**	**93,379**

Note: Totals may differ between and within tables due to rounding.

Departmental Performance

Highlights of the Agency's Context and Performance

As noted in the Clerk of the Privy Council's *Fifteenth Annual Report to the Prime Minister on the Public Service of Canada*, major demographic pressures face the federal public service, including the following:

- 66 percent of the Public Service is over 40 years old, compared with 42 percent in 1983;

- more than 25 percent of all public servants and almost 50 percent of current executives will be eligible to retire without penalty by 2012; and

- Canada is becoming more diverse and the Public Service needs to continue to build on the significant improvements it has already made to reflect this growing diversity.

To address these demographic pressures, the Clerk of the Privy Council has identified Public Service renewal as a priority for all departments and agencies. Public Service renewal aims to make improvements in the following broad areas:

- planning: integrating business and HR planning to ensure capacity is in place to meet the needs of the Government and Canadians;

- recruitment: renewing and sustaining capacity at all levels to ensure the Public Service has the right people and skills it needs now and in the future;

- employee development: fostering leadership at all levels and ensuring that employees have meaningful work to do in a supportive environment; and

- enabling infrastructure: putting in place the systems and processes to support efficient, user-friendly planning, recruitment and development.

As the focal point for people management in the federal public service, the Canada Public Service Agency has a crucial role to play in supporting Public Service renewal. The Agency has therefore focused on and integrated Public Service renewal as the driver for all of its activities. In order to deliver results, the Agency works in close collaboration with the Treasury Board Secretariat, the Public Service Commission, the Canada School of Public Service, and other departments and agencies with different accountabilities in the human resources equation.

What follows is a high-level account, organized by program activity, of the results the Agency has achieved in its efforts to support Public Service renewal and deliver on its plans and priorities. Details are outlined in Section II of this document. Examples of lessons learned are also identified.

Program Activity 1. *Modernized HR management and strengthened accountability.*

Results: The Agency, in partnership with the Public Service Commission, held a series of workshops for managers across the country on the *Public Service Modernization Act* and staffing flexibilities under the Act. The Agency has also helped build organizational capacity by simplifying human resources management processes. Other initiatives have created Public Service-wide efficiencies; for instance, the Agency developed an Employee Passport to transfer electronic employee records securely between departments. It has also reduced the number of work descriptions from 1,500 to 45, thus reducing the workload of managers and improving the consistency of job evaluations.

Example of lessons learned: We learned that departments and agencies are vitally interested in understanding best practices, rather than receiving direction that constrains their actions. As a result, we developed the Gold Standard for executive performance management, a key element in promoting excellence in the Public Service, to provide best practices to departments.

Program Activity 2. *Effective, ethical leadership and a quality work environment.*

Results: A disclosure regime created by the *Public Servants Disclosure Protection Act* has been implemented, including the establishment of Public Sector Integrity Canada. Essential training initiatives and support for departmental Senior Officers responsible for disclosure have been developed and delivered. These initiatives have established a secure and confidential process for public servants to disclose serious wrongdoing in the workplace and protect them from acts of reprisal.

Deputy ministers have increased authority to manage executive human resources and were provided with an Assistant Deputy Minister talent management tool that has helped support them with this accountability. The Agency has also supported improved management of Public Service executives through implementation of the *Policy on the Management of Executives.* Revisions to the Management Accountability Framework assessment tool for values and ethics are providing consistent and credible performance evidence that is systematically collected and used for departmental performance monitoring and deputy minister accountability.

Example of lessons learned: The trend of high turnover in human resources professionals in departments caused concern for sustaining adequate services to individuals participating in the Management Trainee Program. As a result, the *Management Trainee Program Guide* was developed to provide departments/agencies with guidelines on required learning, training and development.

Program Activity 3. *A representative and accessible Public Service.*

Results: A greater diversity of views linguistically, geographically and culturally contributes to the development of better policies, improved and more responsive program design, and the delivery of more effective services for all Canadians. The Agency's efforts in delivering conferences and workshops raised the awareness and provided tools to 400 national managers related to policies on and expectations for employment equity and duty to accommodate. Using technology, an official language dashboard was launched to provide departments and agencies with a planning tool and a vehicle for auditing their performance on official languages.

Example of lessons learned: Rights and obligations under the *Official Languages Act* are sometimes misunderstood, and misperceptions about legal and policy obligations persist within and outside the Public Service. This has been addressed at numerous events that promoted sharing of best practices from both national and regional perspectives, with participation from human resources specialists, training coordinators, official language specialists and managers.

From an overall Agency perspective, a survey of the Agency's clients revealed high levels of client satisfaction with the Agency. This is an indication that the Agency is delivering results in its efforts to support departments and agencies. A great majority of respondents (84 percent) were satisfied with the overall quality of the programs, tools and services offered by the Agency. As well, 77 percent of respondents agreed that the programs, tools and services offered by the Agency met their needs.

That said, the Agency recognizes that there are areas where more work remains to be done. As part of building an effective, enabling HR infrastructure, the Agency is focusing on reducing the reporting burden it places on departments and agencies. While some progress has been made in reducing this burden, the Agency needs more focused efforts in the next year to align and streamline reporting requirements. To this end, in 2008–09 it will initiate a three-pronged strategy to streamline HR-related reporting and ensure value-added and outcomes-based measurement. The Agency is also aiming to develop a portfolio-based approach to assessing departmental performance of people management in order to provide better support to deputy ministers and improve its understanding of the state of people management. In this regard, efforts are also under way to look at the core variables of successful people management and to use this information to guide survey research efforts, as well as potentially inform redesign of people management elements of the Management Accountability Framework.

Agency Priorities and Performance Status

The following table provides a quick snapshot of the Agency's priorities as identified in the Agency's *2007–08 Report on Plans and Priorities* and the performance status associated with each priority.

Name	Type	Performance Status
1. Modernized HR management and strengthened accountability	Ongoing	Progressed as planned with challenges in specific areas
1.1 Enabling and embedding HR modernization and Public Service renewal • HR modernization • Renewal of the Public Service	 Ongoing Ongoing	Progressed as planned
1.2 Modernize the Public Service classification system • Policies and guidelines are renewed • Classification learning programs and support services are provided • Effective monitoring and cost-tracking systems are in place	 Spring–Winter 2007 2007–08 2007–09	Progressed as planned with challenges in specific areas
1.3 Strengthen HR accountability, performance measurement and reporting • Setting expectations for HR management across the Public Service • Improved information management through the Employee Passport initiative to transfer electronic employee records securely between departments • Assessing and enhancing HR management across the Public Service • Reporting on HR management across the Public Service	 2007–08 Ongoing 2007–08 2007–08 Ongoing 2007–08 Ongoing	Progressed as planned with challenges in specific areas

Name	Type	Performance Status
2. Effective, ethical leadership and a quality work environment	Ongoing	Progressed as planned with challenges in specific areas
2.1 Foster ongoing leadership renewal and strong, effective learning • Renewed management of the executive cadre, supporting Public Service renewal and increased deputy head delegation and accountability • Enhanced leadership development programs and initiatives, contributing to renewal of the Public Service • Effective implementation of the *Policy on Learning, Training and Development*	2007–09 2007–09 2007–09 Ongoing	Progressed as planned with challenges in specific areas
2.2 Promote and embed Public Service values and ethics at all levels • Through a comprehensive and sustained learning and communications strategy, create widespread employee awareness, understanding and application of Public Service values and ethics, including obligations under the *Values and Ethics Code for the Public Service* • Additional support is provided to departments and agencies for meeting their accountabilities • Key Treasury Board policies that support a culture of Public Service values and ethics are in place and effectively implemented • Support is provided to government on legislation for disclosure of wrongdoing, including protection from reprisal for those who make disclosure	2007–09 2007–09 2007–09 2007–09	Progressed as planned with challenges in specific areas

Name	Type	Performance Status
3. A representative and accessible Public Service	Ongoing	Progressed as planned with challenges in specific areas
3.1 Achieve and maintain employment equity plans and priorities • Public Service is representative and inclusive • The public service has access to modern and fully integrated employment equity policies, directives, tools and support • Results are more transparent and accessible to Canadians	 2007–08 Ongoing 2007–08 Ongoing Ongoing	Progressed as planned with challenges in specific areas
3.2 Preserve and achieve official languages plans and priorities • Service and accountability to Canadians with regard to official languages are improved • Stronger shared vision of service delivery to Canadians in both official languages and of a bilingual workplace in regions designated as bilingual, based on underlying Public Service values • Objectives are met for increasing bilingual capacities within executive and executive feeder groups, thereby fostering the use of both official languages in the workplace in regions designated as bilingual	 2004–09 2004–09 2004–09	Progressed as planned with challenges in specific areas

Section II – Analysis of Program Activities by Strategic Outcome

Overview of Program Activities

In 2007–08, the Agency's strategic outcome was as follows:

> *A modern, professional public service dedicated to the public interest and supporting ministers in democratic governance, representative of the Canadian public and serving Canadians with excellence in the official language of their choice, with employees effectively and ethically led in a high-quality work environment respectful of their linguistic rights.*

It is the Agency's responsibility to help set the conditions to achieve this outcome, establishing policies and providing services to support departmental excellence, and taking steps to ensure the ongoing integrity of people management in the Public Service—it is departments and agencies in the Public Service that effectively take the day-to-day workforce and workplace actions to make it happen.

The program activities that pertain to this strategic outcome are:

▶ modernized HR management and strengthened accountability;

▶ effective, ethical leadership and a quality work environment; and

▶ a representative and accessible Public Service.

Each of these program activities represents foundational elements of Public Service people management, providing a base for employee efficiency and effectiveness.

Program Activity 1: Modernized HR management and strengthened accountability

Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
15,115	42,518	41,562

Human Resources (full-time equivalents)

Planned	Authorities	Actual
137	n/a	279

Program activity summary

This program activity is about maintaining an HR regime that supports a renewed and modernized Public Service, balancing the responsibilities of HR professionals with the people management accountabilities of Public Service managers. Key aspects of the efforts to move forward include the following:

▸ enabling and embedding HR modernization and Public Service renewal;

▸ modernizing the Public Service classification system; and

▸ strengthening HR accountability, performance measurement and reporting.

The plans and priorities for each key result area for this program activity, as well as highlights of achievements during the year, are described below.

Context and benefits for Canadians

The focus of this program activity is to update an HR regime that is too slow and cumbersome to support a renewed and modernized Public Service. The *Public Service Modernization Act* (PSMA), and the activities related to its implementation, set the foundation for the long-term transformation of the Public Service. These efforts take on even greater importance as they are now linked to the broader renewal of the Public Service, a priority that has been acknowledged by the Prime Minister and the Clerk of the Privy Council. The Agency has a lead role in the Public Service renewal process in terms of the overall governance of these efforts, and by generating many of the deliverables that support renewal.

Sustainable modernization of HR management requires up-to-date systems for organizing and evaluating the work that public servants do for Canadians. For this reason, classification modernization is a cornerstone of HR management across the Public Service and is directly linked to how results are delivered to Canadians. The vision is simple: to build and maintain an effective classification process that gets the right people into the right jobs at the right time; supports robust performance measurement; provides an accurate basis for compensation; creates pathways for the development of future leaders; and contributes directly to the operation of a well-structured, well-managed Public Service. By establishing the competencies associated with the different work of public servants, it is possible to set standards and directions on career progression, learning strategies and succession planning—all foundational elements needed to support the renewal of the Public Service.

Effective HR planning and accountability, the third building block supporting HR management modernization, are not only essential to balancing the greater delegation resulting from the PSMA, but also critical for achieving a strong culture of accountability. As the organization with overall stewardship for HR management in the Public Service, the Agency needs to ensure that it

gathers the data necessary to assess overall performance, while also considering how best to align the efforts of the different players toward the common objective of excellence in people management.

Key Result Area 1.1: Enabling and embedding HR modernization and Public Service renewal

▶ *HR Modernization—Provide departments and agencies with ongoing advice and information, relevant tools, best practices, learning products, professional development events, and/or onsite assistance in support of HR modernization.*

Funding support, tools and advice have been provided to departments and agencies in support of their efforts to implement the PSMA. A monitoring program is in place, in accordance with the Strategic Investment Framework, as part of stewardship of associated funds (PSMA Reserve). Support includes the development of the PSMA Practices and Lessons Learned website in partnership with central partners and departments. In addition, tools for small agencies have been provided on subjects such as integrated business and human resources planning, succession planning, performance management, strategic staffing and reporting.

Several departments and agencies have been assisted in the establishment and implementation of common HR business processes within their departments. A memorandum of understanding (MOU) has been signed by the Small Agency Administrative Network to support small agencies in developing corporate administrative shared services (CASS) in parallel and in synergy with the broader government CASS initiative.

The Agency has supported efforts to expand the use of Express Lane Staffing, which was initially developed at Agriculture and Agri-Food Canada. During 2007–08 it was implemented at Fisheries and Oceans Canada, the Canadian Food Inspection Agency and Environment Canada.

In a strategic partnership with the Public Service Commission (PSC), HR modernization workshops were designed, developed and delivered on informal discussion, staffing recourse, the *Public Service Employment Act* flexibilities and collective staffing. Almost 400 modernization workshops were delivered in 17 cities across the country (every province and territory and the National Capital Region) to more than 2,000 stakeholders—primarily targeting line managers but including HR advisors as well as bargaining agents.

A draft umbrella policy on employee performance management has been developed and circulated widely for consultation. Guidelines were issued to departments in April 2008 to align the performance management approach for certain senior excluded or unrepresented managers and specialists more closely with the executive performance management program.

A variety of tools and support services have been developed and provided to departments and agencies. These include a pilot online mentoring tool; knowledge standards for new Public Service employees; long-service program guidelines (drafted in consultation with departments, agencies and unions—now being finalized); *it's MY day* magazine, aimed to build awareness of the diversity of career opportunities and pride among public servants; and a succession planning and management guide. In addition, tools for small agencies have been provided on subjects such as the Informal Conflict Management System, strategic staffing and staffing accountability.

New tools and templates were also developed to support departments and agencies in their human resources management of the executive group, including tools for organization design and classification, performance management and career transition. Also, a new interactive mailbox account has been established to allow departments to request and obtain advice and interpretation of executive management policies.

Information sessions have been provided on revised policy and directives on the management of executives and on the EX *Performance Management Program (PMP) Gold Standard.*

▸ *HR Modernization—Assess and evaluate progress in implementing integrated HR and business plans.*

HR planning and its linkages to broader integrated planning have been underscored as an important priority for Public Service renewal. Ongoing support, policy advice and tools related to a range of HR planning issues, such as a government-wide symposium on integrated planning, have been provided to departments and agencies. A new integrated planning tool has been produced, tested and made available to departments in support of a key renewal priority. Work is underway to develop a Public Service-wide HR plan along with options for integrated enterprise-wide HR planning and reporting.

▸ *HR Modernization—Conduct workforce analyses and modeling to identify current and future tools related issues to needs of the Public Service.*

Key demographic characteristics of the core public administration, as well as workforce availability, have been collected, analyzed and communicated. Key concepts currently used in the demographic analysis have been defined and documented as a basis for the discussion with separate agencies regarding integrating their human resources data into the broader analysis. Additional detailed demographic data on the Assistant Deputy Minister (ADM) community has been collected and is contained in a new ADM talent management database. Analysis of this data is frequently provided to the Privy Council Office and the Clerk for use at meetings of the Committee of Senior Officials and the Human Resources Management Advisory Committee.

Demographic trends have been identified to assist departments and agencies with developing strategies to ensure workforce sustainability (renewing and the right capacity) and adaptability.

▸ *HR Modernization—Identify effective ways to ascertain employee attitudes and perceptions on both a regular and a targeted basis in order to provide comprehensive analysis to better support human resources planning and accountability at all levels of the Public Service.*

A survey instrument has been designed to assist departments and agencies gauge employee perceptions and develop action plans to improve performance. Also, to aid in integrated planning, a census of EXs and EX feeder groups has been conducted to enhance understanding of the EX community's demographics and perspectives.

▸ *Renewal of the Public Service—Provide research, policy and operational support to the Prime Minister's Advisory Committee on the Public Service* and *the Deputy Ministers' Committee on Public Service.*

The Agency provides policy leadership, coordination and analysis for the Prime Minister's Advisory Committee on the Public Service and the Deputy Ministers' Committee on Public Service Renewal, as well as for the Human Resources Management Advisory Committee and the Advisory Committee on Senior Level Retention and Compensation (Stephenson Committee).

Policy support has been provided to the Prime Minister's Advisory Committee in developing advice and recommendations to the Prime Minister in its second annual report, and through contributing to the development of the Clerk of the Privy Council's *15th Annual Report to the Prime Minister on the Public Service*. Research and policy support has been provided to the Stephenson Committee, including preparation of the Committee's annual report, ministerial briefings and Treasury Board submissions on recommended salary increases and performance pay for executives. The Agency also provided secretariat support to these committees.

▸ *Renewal of the Public Service—In support of directions established by the committees, initiate and coordinate renewal activities.*

The Agency worked horizontally with central agency partners, line departments and other partners as Public Service renewal initiatives move to implementation. Joint senior management meetings among central agencies have been held that resulted in an action plan with a number of initiatives that included both departmental and centrally led renewal initiatives. An enabling infrastructure strategy, which encompasses common HR business processes, the supporting IM/IT applications and the HR self-service portal, has been developed.

Clarity and alignment of central agency people management responsibilities has been provided through the initiation of a horizontal HR strategic review. Issues being discussed include HR and back office systems, recruitment services/operations, overall HR management strategy, systems development and implementation, policy development, etc.

Key Result Area 1.2: Modernizing the Public Service classification system

▶ *Policies and guidelines are renewed.*

Progress was made on updating classification policies and guidelines. The new policy on job classification is in place and the directive on classification grievances will be effective upon approval by the Treasury Board. Four new supporting guidelines—the balance of the policy suite—have been drafted and are being finalized through consultation with departments. The policy suite has been designed to strengthen the management of classification within departments and at a government-wide level by clarifying roles, responsibilities and performance expectations. The objective of the policy suite is to ensure the consistent and appropriate classification of all positions within the core public administration.

The Agency has worked with the information technology (IT) community to develop standardized organizational models and pre-evaluated work descriptions, including competencies, for Computer Systems (CS) jobs. Based on the business needs of departments, this initiative has reduced the number of individual work descriptions from about 1,500 to 45, covering a population of 12,000 employees. These organizational models and work descriptions will significantly reduce the workload of managers and will improve the consistency of job evaluations. The HR community is now developing plans to implement generic organizational models and work descriptions.

The new *Directive on Executive Group Organization and Classification* was approved by Treasury Board and issued.

▶ *Classification learning programs and support services are provided.*

To maximize policy effectiveness and the use of tools intended to simplify and streamline classification, classification learning programs and support services are provided. Over a three-year period, and in concert with the Canada School of Public Service, the Agency developed and implemented a learning curriculum to ensure the development of a qualified and competent classification workforce. Departments and agencies were consulted throughout the design and development of the curriculum, which was launched in 2007.

The Agency has strengthened its capacity to provide effective and comprehensive advisory services to departments and agencies on all aspects of organization and classification, including

organizational design, which assists managers in optimizing their financial and human resources to meet their business objectives; an online exchange of best practices; and making available to departments information on specific issues that are applicable to all members of the classification community.

A number of other tools and supporting mechanisms have been delivered to enhance support to departments and to improve the operations of the classification system, including standardizing organizational models and generic work descriptions; leading implementation of modernization projects (the border services (FB) group, the economics and social science services (EC) group and the law (LA) group); and directing feasibility and analytical studies.

▶ *An effective monitoring program and a system for tracking costs have been developed.*

A classification monitoring program has been developed and implemented. It includes the means to ensure integrity and consistent job evaluations across the core public administration and to mitigate risk. Departments and agencies now provide the Agency with an annual performance report, which is integrated into the People Component of the Management Accountability Framework (PCMAF) to provide an overall view of departmental performance. In addition, the Agency regularly analyzes performance using risk assessment tools and follows up with specific departments as required. A website for tracking costs was put in place to enable departments to report on the costs of classification standards modernization so that they incur during the current fiscal year.

Key Result Area 1.3: Strengthening HR accountability, performance measurement and reporting

▶ *Setting expectations for HR management across the Public Service.*

To provide departments and agencies with an increased ability to understand and meet HR management expectations, the People Component of the Management Accountability Framework (MAF) and the supporting data have been reviewed and enhanced. A roadmap for the introduction of a revised and improved approach to PCMAF Round VI data collection and reporting was developed based on lessons learned from PCMAF Round V and best practice research. This was done bearing in mind the need to reduce the reporting burden.

▶ *Improve information management through the Employee Passport initiative to transfer electronic employee records securely between departments.*

The Employee Passport initiative to transfer electronic employee records securely between departments was developed and made available for departments on the Human Resources

Information System platform. An MOU was signed with five early adopter departments to define the Employee Passport business requirements for one of the key HR systems.

▸ *Assessing and enhancing HR management across the Public Service.*

The HR reporting portal was launched to collect data for policy monitoring purposes and to inform the MAF V assessment. A post-mortem study on the portal effectiveness was conducted to further reduce the work behind the data collection and to streamline reporting, linking policy requirements (particularly within the Agency), multiple information sources, reporting cycles, and cross organizational information sharing and alignment.

Overall HR-related MAF reporting requirements were reduced by 50 percent with other reporting requirements being in steady decline (Official Languages now use a risk-based approach where fewer questions are posed to consistently good performers). Focus was placed on defining value-added measures and maximizing use of existing data sources available outside of the formal reporting system. Reporting for smaller agencies was tailored. Greater alignment of oversight and reporting requirements with organizational performance and risk (e.g. Staffing MAF/PCMAF/MAF) was pursued.

A staffing recourse case management system has been developed to enable the collection of data and the identification of issues, trends, benchmarks and other information, such as the time taken to resolve complaints.

▸ *Reporting on HR management across the Public Service.*

The first annual report on human resources management was tabled in Parliament, as were the employment equity and official languages annual reports.

An Agency strategy on integrated reporting is being developed to provide a coherent and comprehensive picture on people management in the federal public service.

Program Activity 2: Effective, ethical leadership and a quality work environment

Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
42,907	44,027	41,908

Human Resources (full-time equivalents)[1]

Planned	Authorities	Actual
258	n/a	300

1. Reported full-time equivalents do not include 94 full-time equivalents participating in leadership development programs.

Program activity summary

Competent, ethical, accountable and vibrant leadership is a key factor in successful HR management and establishing trust in the Public Service. This is particularly true in the context of greater staffing delegation resulting from the PSMA, in which leaders need to understand their HR responsibilities and how to fulfill them.

The Agency's priorities are articulated around two key results areas:

▸ foster effective learning and ongoing leadership renewal; and

▸ promote and embed Public Service values and ethics at all levels.

The plans and priorities for each key result area for this program activity, as well as highlights of achievements during the year, are described below.

Context and benefits for Canadians

Learning and leadership development are critical elements for the success of any organization. This is also true for the federal public service and essential for providing high-quality services to Canadians and advice to the Government. The Agency is the Public Service focal point for these efforts and is always looking for ways to enhance how it recruits, develops, retains, supports and rewards leaders at all levels. An aging workforce and an increasingly competitive labour market make these efforts more important than ever before. Leadership development ensures that the Public Service has the leaders and talent it needs, now and in the future.

A strong culture of public service values and high ethical standards is fundamental and essential for maintaining public trust in government. The *Results for Canadians* framework recognizes the Government of Canada's commitment to managing its business according to the highest public

service values. The Agency plays a leadership role in advancing these efforts and developing and sustaining a strong culture of integrity within the Public Service. As expectations for a more transparent and accountable Public Service increase, the Agency's role in this area has never been more important.

Key Result Area 2.1: Foster effective learning and ongoing leadership renewal

▸ *Renewed management of the executive cadre, supporting Public Service renewal and increased deputy head delegation and accountability.*

A new integrated *Policy on the Management of Executives,* along with four companion directives (*Executive Group Organization and Classification, Directive on Executive Compensation, Directive on Career Transition for Executives* and *Directive on the Performance Management Program (PMP) for Executives),* was developed, approved by Treasury Board, and issued to departments and agencies. These provide deputy ministers with increased flexibility and authority to manage executive human resources.

The analysis of ADM appointment processes and reasons for delays was completed and further work on developing service standards for ADM appointments is underway.

Phase II of the ADM talent management tool has been developed and launched, in addition to the development of options for the expansion of the initiative to the EX cadre. Also, an executive talent management strategy has been developed.

▸ *Enhanced leadership development programs and initiatives, contributing to renewal of the Public Service.*

The *Directive on the Administration of Leadership Development Programs – Management Trainee Program and Career Assignment Program* has been provided to departments and agencies. The corporate leadership development programs continuum has been reviewed and recommendations to update the programs in the context of Public Service renewal have been made.

The first cohort of the Government of Canada Fellows Program had eight participants—four from the federal public service and four from other sectors.

▸ *Effective implementation of the Policy on Learning, Training and Development.*

Guidelines on required training were developed, and orientation sessions were delivered to new Required Training Coordinators in departments and agencies.

Key Result Area 2.2: Promote and embed public service values and ethics at all levels

▸ *Through a comprehensive and sustained learning and communications strategy, create widespread employee awareness, understanding and application of public service values and ethics, including obligations under the Values and Ethics Code for the Public Service.*

An online values and ethics course for all employees has been finalized in partnership with the Canada School of Public Service. Also, essential training initiatives and support for Senior Officers for Disclosure in departments have been developed and delivered.

▸ *Additional support is provided to departments and agencies for meeting their accountabilities.*

With the support of the Agency, new initiatives on assessing and planning values and ethics programs were launched at Western Economic Diversification Canada and Transport Canada.

The MAF assessment tools for values and ethics have been significantly revised to ensure that consistent and credible performance evidence is systematically collected and used in departmental performance monitoring and deputy minister accountability.

▸ *Key Treasury Board policies that support a culture of public service values and ethics are in place and effectively implemented.*

Revisions to the *Policy on the Prevention and Resolution of Harassment in the Workplace* are in progress. The *Policy on the Indemnification of and Legal Assistance for Crown Servants* is under review, and the revised policy will be presented to Treasury Board in 2008–09. Consultations are underway on the development of a code of conduct for the federal public sector, a requirement under the *Public Servants Disclosure Protection Act* (PSDPA).

▸ *Support is provided to government on legislation for disclosure of wrongdoing, including protection from reprisal for those who make disclosures.*

The disclosure regime created by the PSDPA has been implemented, including the establishment of Public Sector Integrity Canada, which investigates disclosures of wrongdoing from public servants as well as complaints of reprisal, and of the Public Servants Disclosure Protection Tribunal.

The Canada Public Service Agency provided timely information, advice, support and training to all federal public sector organizations including developing and distributing communication tools, which are available through the Agency's website (overview of PSDPA; guides for organizations; information documents for supervisors and employees; frequently asked questions; and a list of departmental Senior Officers for Disclosures); delivery of orientation

workshops for Senior Officers and presentations to key audiences and functional groups (e.g. National Joint Council, Regional Federal Councils); and establishment of a working group for consultation on PSDPA implementation issues.

Program Activity 3: A representative and accessible Public Service

Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
11,238	10,386	9,909

Human Resources (full-time equivalents)

Planned	Authorities	Actual
95	n/a	100

Program activity summary

The *Employment Equity Act* commits the government to achieve equitable representation and participation within the four designated groups: women, Aboriginal peoples, members of visible minorities and persons with disabilities.

The *Official Languages Act* commits the government to serve Canadians in the official language of their choice, to enable employees in bilingual regions to work in their language of choice and to ensure equitable participation of English- and French-speaking Canadians in federal institutions.

In this regard, the Agency's priorities are articulated around two key results areas:

‣ achieve and maintain employment equity; and

‣ achieve and maintain official languages commitments.

Context and benefits for Canadians

Canada's diversity is a fundamental part of the fabric of its society and a strength that is recognized at home and abroad. Capturing this strength is the goal that underpins a representative Public Service. Promoting and achieving greater diversity of views linguistically, geographically and culturally in the Public Service contributes to the development of better policies, improved and responsive program design and the delivery of more effective services for all Canadians. Achieving and maintaining equity in employment is also about aligning organizational culture and associated behaviours and practices. Achieving concrete results in this area requires consistent, focused and sustained efforts.

Canada's continued changing demographics, and the rapid growth of visible minority participation in the Canadian workforce, add to the Agency's imperative to help departments and agencies meet their employment equity goals. Support for recruitment and career development of visible minorities and the creation of a positive and inclusive work environment are key to drawing out the benefits that can be realized by fostering rich diversity in the Public Service workforce.

Commitment to official languages is a fundamental Canadian value as set out in the *Canadian Charter of Rights and Freedoms* and the *Official Languages Act*. It commits the government to serve Canadians in the official language of their choice (Part IV); to enable employees in bilingual regions to work in the official language of choice (Part V); and to ensure equitable participation of English- and French-speaking Canadians in federal institutions (Part VI).

Notwithstanding major progress since the enactment of the *Official Languages Act* more than 35 years ago, achievements in some areas remain fragile or below expectations. Rights and obligations are sometimes misunderstood and misperceptions persist within and outside the Public Service about legal obligations and policy requirements.

The plans and priorities for each key result area for this program activity, as well as highlights of achievements during the year, are described below.

Key Result Area 3.1: Achieve and maintain employment equity

▸ *The Public Service is representative and inclusive.*

To facilitate implementation of the policies on employment equity and duty to accommodate, a national duty to accommodate conference was held in October 2007 and an employment equity conference was held in March 2008. Each conference was complemented by regional workshops, which attracted over 400 participants, with a focus on the managers' community, and included the development and distribution of tools directed at managers. Evaluations completed for the workshops showed that 80 percent of the participants found the sessions to be a useful learning experience.

Partnerships and alliances have continued to be strengthened. The Agency continues to actively support three employment equity councils. In this regard, effective working relations were also established with employment equity deputy minister champions to ensure that the Agency provided them with adequate support to enable them to successfully exercise their role.

▸ *The Public Service has access to modern and fully integrated employment equity policies, directives, tools and support.*

The employment equity and duty to accommodate policies were drafted. A draft employment equity strategy was also developed, which is aligned with the revised policy and places an emphasis on visible minorities. It has been the subject of consultations with various committees and advisory groups and is in the process of being finalized.

▸ *Results are more transparent and accessible to Canadians*

Common themes related to leadership and planning were identified, based on lessons learned from departments and agencies with consistently high MAF results with respect to employment equity, and best practices were developed for others to adapt.

Key Result Area 3.2: Achieve and maintain official languages commitments

▸ *Service and accountability to Canadians with regard to official languages are improved.*

The official languages (OL) dashboard has been developed and launched. This is a model reporting and information system that maximized departmental reports for a variety of uses, including being an essential information and planning tool for departments and agencies themselves. A regular audit cycle has been completed yielding a very high participation rate.

Continual support has been provided to institutions to ensure that official languages are an integral part of their operations. Ongoing support was provided to official languages champions in departments and agencies, notably through a national conference held in June 2007 and a forum on best practices held in November 2007. High-quality and appropriate policy advice and interpretations on a wide range of strategic issues, including the official languages transfer policy and the development of tools related to linguistic profiles, have been provided on a timely basis.

The *Official Languages (Communications with and Services to the Public) Regulations* have been amended in response to the Federal Court judgment in the case of Doucet v. Canada.

▸ *The stronger shared vision of service delivery to Canadians in both official languages and of a bilingual workplace in regions designated as bilingual is in place, based on the underlying public service values.*

The use of official languages in the workplace in regions designated as bilingual has been promoted. For example, a successful OL champions network and learning event was held in Prince Edward Island in collaboration with the local Francophone community, and another was held in Saskatchewan for OL managers.

A pilot project learning event was launched in the Pacific Region, in partnership with the Public Service Commission, the Canada School of Public Service and Public Works and Government Services Canada. The event was designed to develop and provide up-to-date information about the policy context for language training (LT) and testing; integrating LT in business and human resources plans; the latest online learning tools and LT services; the latest developments in language testing; and the latest contractual arrangements for LT and qualification of LT suppliers. In addition, there was a sharing of best practices from both national and regional perspectives, in consultation with participants that included HR specialists, training coordinators, OL specialists and managers.

▸ *Objectives are met for increasing bilingual capacities within the executive and the executive feeder groups, thereby fostering the use of both official languages in the workplace in regions designated as bilingual.*

The Agency encouraged institutions to make continued efforts in this regard through different forums and networks. The data shows an increase of two percent for members of the EX group within the core public administration that met their position's language requirements. As of March 31, 2008, 96.4 percent of executives met these requirements, compared with 94.4 percent the previous year.

Section III – Supplementary Information

Agency Links to the Government of Canada Outcome Areas

($ millions)

Strategic Outcome: A modern, professional Public Service dedicated to the public interest and supporting ministers in democratic governance, representative of the Canadian public and serving Canadians with excellence in the official language of their choice, with employees effectively and ethically led in a high-quality work environment respectful of their linguistic rights.

Program Activity	Actual Spending 2007–08			Alignment to Government of Canada Outcome Area
	Budgetary	Non-Budgetary	Total	
Modernized human resources management and strengthened accountability • This program activity supported the outcome area of Government Affairs through helping departments build their organizational capacity by simplifying human resources management processes in renewed guidelines.	41,562		41,562	Government Affairs
Effective, ethical leadership and a quality work environment • This program activity supported the outcome area of Government Affairs in large part through developing and launching the Assistant Deputy Minister (ADM) talent management initiative for corporately managing the ADM cadre.	41,908		41,908	Government Affairs
Representative and accessible Public Service • This program activity supported the outcome area of Government Affairs through engaging national and regional communities in the policies on and expectations of employment equity and the use of official languages.	9,909		9,909	Government Affairs
Total	93,379		93,379	

Note: Totals may differ between and within tables due to rounding of figures.

Alignment to Government of Canada outcome area – Government Affairs. The role of this Agency relates to human resources for the Public Service overall.

Table 1 Comparison of Planned to Actual Spending (including FTEs)

($ thousands)	2005–06 Actual	2006–07 Actual	2007–08			
			Main Estimates	Planned Spending	Total Authorities[2]	Total Actual[3]
Modernized human resources management and strengthened accountability	37,465	38,319	15,015	15,115	42,518	41,562
An effective, ethical leadership, and a quality work environment	49,334	45,870	42,807	42,907	44,027	41,908
A representative and accessible Public Service	12,511	12,180	11,238	11,238	10,386	9,909
Total	**99,310**	**96,369**	**69,060**	**69,260**	**96,931**	**93,379**
Plus cost of services received without charge[1]	8,375	8,589	**n/a**	8,774	**n/a**	10,185
Total Agency Spending	**107,685**	**104,958**	**69,060**	**78,034**	**96,931**	**103,564**
Full-time Equivalents	**539**	**608**	**n/a**	**490**	**n/a**	**679**

Note: Totals may differ between and within tables due to rounding of figures.

1. Services without charge include accommodation provided by Public Works and Government Services Canada, the employer's share of insurance premiums, and services received from the Department of Justice.

2. The difference of $27.6M between the authorities of $96.9M and the planned spending of $69.3M is mainly attributable to the increase in funding of $17.4M to continue human resources management modernization, $4.5M for classification reform, $2.8M for activities to implement the Public Service Modernization Act and $2.9M for the implementation of the Public Servants Disclosure Protection Act.

3. Actual spending of $93.4M includes operating expenditures of $6.1M for participants in leadership programs, and $9.3M for the provision of Corporate Services provided by the Department of Finance.

Total authorities of $96.9M less actual spending of $93.4M result in lapsing funds of $3.5M.

Table 2. Voted and Statutory Items

This table explains how Parliament votes resources to the Agency.

Vote or Statutory Item	Truncated Vote or Statutory Wording	2007–08 ($ thousands)			
		Main Estimates	Planned Spending	Total Authorities	Total Actual
35	Operating expenditures	60,486	60,660	96,931	93,379
(S)	Contributions to employee benefit plans	8,574	8,600	9,673	9,673
(S)	Proceeds from the disposal of surplus Crown assets			8	
	Total	**69,060**	**69,260**	**106,612**	**103,052**

Tables 3 to 11 inclusive are not applicable for the Canada Public Service Agency.

Table 12: Sustainable Development Strategy

For supplementary information on the department's Sustainable Development Strategy, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp.

Table 13: Response to Parliamentary Committees and External Audits

For supplementary information on the department's response to Parliamentary Committees and External Audits, please visit http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp.

Table 14: Internal Audits and Evaluations

For supplementary information on the department's Internal Audits and Evaluations, please visit http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp.

Table 15: Travel Policies

The Canada Public Service Agency follows and uses the Treasury Board Secretariat's travel policy parameters.

Table 16. Financial Statements (*unaudited*)
For the year ended March 31, 2008

Public Service Human Resources Management Agency of Canada

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008, and all information contained in these statements rests with Agency management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, are within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communications programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The financial statements of the Agency have not been audited.

Nicole Jauvin
President
Canada Public Service Agency
Ottawa, Canada
August 8, 2008

Helen Belanger
Chief Financial Officer
Canada Public Service Agency
Ottawa, Canada
August 8, 2008

Statement of Operations *(unaudited)*

For the Year Ended March 31

(in thousands of dollars)

	2008	2007
EXPENSES (Note 4)		
Effective, Ethical Leadership and a Quality Work Environment	50,156	50,630
Modernized Human Resources Management and Strengthened Accountability	49,731	41,255
Representative and Accessible Public Service	11,895	13,502
TOTAL EXPENSES	111,782	105,387
REVENUES (note 5)		
Effective, Ethical Leadership and a Quality Work Environment	4	-
Modernized Human Resources Management and Strengthened Accountability	3	-
Representative and Accessible Public Service	1	-
TOTAL REVENUES	8	0
NET COST OF OPERATIONS	111,774	105,387

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position *(unaudited)*

At March 31

(in thousands of dollars)

	2008	2007
ASSETS		
Financial assets		
Accounts receivable and advances (Note 6)	3,293	1,553
Non-financial assets		
Tangible capital assets (Note 7)	28	32
TOTAL	3,321	1,585
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	16,364	10,369
Employee severance benefits (Note 9)	10,900	11,523
Vacation pay and compensatory leave	3,230	2,968
Total liabilities	30,494	24,860
EQUITY OF CANADA	(27,173)	(23,275)
TOTAL	3,321	1,585

Contractual Obligations (Note 10)

The accompanying notes form an integral part of these financial statements.

Statement of Equity of Canada *(unaudited)*

At March 31

(in thousands of dollars)

	2008	2007
Equity of Canada, beginning of year	(23,275)	(27,836)
Net cost of operations	(111,774)	(105,387)
Current year appropriations used (Note 3)	103,052	96,369
Revenue not available for spending	(8)	-
Change in net position in the Consolidated Revenue Fund (Note 3)	(5,353)	4,990
Services received without charge from other government departments (Note 11)	10,185	8,589
Equity of Canada, end of year	(27,173)	(23,275)

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flow *(unaudited)*

For the Year Ended March 31

(in thousands of dollars)

	2008	2007
Operating activities		
Net cost of operations	111,774	105,387
Non-cash items:		
Amortization of tangible capital assets	(28)	(25)
Gain (loss) on disposal and write-off of tangible capital assets	8	(41)
Services provided without charge by other departments	(10,185)	(8,589)
Variations in Statement of Financial Position:		
Increase in accounts receivable and advances	1,740	121
Decrease in prepaid expenses	-	(11)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(5,995)	5,451
Employee severance benefits	623	(727)
Vacation pay and compensatory leave	(262)	(207)
Cash used by operating activities	97,675	101,359
Capital investment activities		
Acquisition of tangible capital assets	24	-
Proceeds from the disposal of surplus Crown assets	(8)	
Cash used by capital investment activities	16	-
Financing activities		
Net cash provided by the Government of Canada	(97,691)	(101,359)

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)

1. Authority and objectives

The Agency's *raison d'être* is to modernize, and to foster continuing excellence in, people management and leadership across the Public Service. The Agency was created by Order PC 2003-2074 of December 12, 2003, and is governed by paragraphs 6(4.1)(*a*) et 6(4.1)(*b*) of the *Financial Administration Act.*

The Agency's strategic outcome is a modern, professional Public Service dedicated to the public interest and supporting ministers in democratic governance, representative of the Canadian public and serving Canadians with excellence in the official language of their choice, with employees effectively and ethically led in a high-quality work environment respectful of their linguistic rights.

To achieve its strategic outcome and deliver results for Canadians, the Agency articulates its plans and priorities around three results-based program activities (or three strategic outcome components):

(a) Effective, Ethical Leadership and a Quality Work Environment

This program is composed of two key result areas:

1) Leadership Learning and Development; and

2) Public Service Values and Ethics.

(b) Modernized Human Resources Management and Strengthened Accountability

This program is composed of three key result areas:

1) Human Resources Planning and Accountability;

2) Human Resources Management Modernization; and

3) Organization and Classification.

(c) Representative and Accessible Public Service

This program is composed of two key result areas:

1) Employment Equity and Diversity and,

2) Official Languages.

**Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)**

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations

The Agency is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(b) Net cash provided by the government

The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund

Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the Agency. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)

(e) Expenses

Expenses are recorded on the accrual basis:

▸ Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

▸ Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

Pension benefits: Eligible employees participate in the Public Service Pension Plan and retirement compensation arrangements. The Public Pension Plan is a multiemployer plan administered by the Government of Canada. The Agency's contributions to the Plan are charged to expenses in the year incurred and represent the Agency's total obligation to the Plan. Current legislation does not require the Agency to make contributions for any actuarial deficiencies of the Plan.

Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

(g) Accounts receivable and advances

Accounts receivable and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain. As there were no doubtful amounts reflected in the Agency's Public Accounts as at March 31, 2008, and no write-offs were made in 2008, no Allowance for Doubtful Accounts has been created.

Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)

(h) Contingent liabilities

Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. The Agency had no contingent liabilities to report as of March 31, 2008.

(i) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. The Agency does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Machinery and equipment	3 to 5 years
Vehicles	3 years
Assets under construction	Once in service, in accordance with asset type

(j) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

**Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)**

3. Parliamentary appropriations

The Agency receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used:

	2008	2007
Net cost of operations	111,774	105,387
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Services provided without charge by other departments	(10,185)	(8,589)
Employee severance benefits	623	(727)
Vacation pay and compensatory leave	(262)	(207)
Amortization of tangible capital assets	(28)	(25)
Revenue not available for spending	8	-
Loss on disposal and write-off of tangible capital assets	-	(41)
Other	1,098	582
	(8,746)	(9,007)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Less):		
Acquisition of tangible capital assets	24	-
Increase (decrease) in prepaid expenses	-	(11)
	24	(11)
Current year appropriations used	103,052	96,369

**Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)**

(b) Appropriations provided and used

	2008	2007
Appropriations provided:		
Vote 30 – Operating expenditures	-	99,407
Vote 35 – Operating expenditures	96,931	-
Total appropriations	96,931	99,407
Statutory appropriations:		
Contributions to employee benefit plans	9,673	8,661
Total statutory appropriations	9,673	8,661
Lapsed Appropriations		
Vote 30 – Operating expenditures	-	(11,699)
Vote 35 – Operating expenditures	(3,552)	
Total lapsed appropriations	(3,552)	(11,699)
Current year appropriations used	103,052	96,369

In 2007, an allotment of $10,100 was frozen from vote 30 funds.

**Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)**

(c)   Reconciliation of net cash provided by the government to current year appropriations used:

	2008	2007
Net cash provided by Government	97,691	101,359
Revenue not available for spending	8	-
Change in net position in the Consolidated Revenue Fund:		
Variation in accounts receivable and advances	(1,740)	(121)
Variation in accounts payable and accrued liabilities	5,995	(5,451)
Other adjustments	1,098	582
Total changes in net position in the Consolidated Revenue Fund	(5 353)	(4 990)
Current year appropriations used	103,052	96,369

4. Expenses

The following table shows the expenses by category:

	2008	2007
Salaries and employee benefits	74,559	70,083
Professional and special services	23,222	20,794
Accommodation	5,034	4,167
Transportation and telecommunications	3,315	2,951
Acquisition of machinery and equipment, including expendables	2,171	3,607
Purchase of repair and maintenance services	1,052	2,284
Information	1,010	809
Equipment rentals	996	644
Amortization of tangible capital assets	28	25
Other	395	23
Total expenses	111,782	105,387

**Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)**

5. Revenues

The following table shows the revenues by category:

	2008	2007
Gain (loss) on disposal and write-off of tangible capital assets	8	-
Total revenue	8	-

6. Accounts Receivable and Advances

The following table shows the accounts receivable and advances by category:

	2008	2007
Receivables from other government departments	3,252	1,509
Receivables from external parties	32	27
Employee advances	8	17
Deposits in transit to the Receiver General	1	-
Total accounts receivable and advances	3,293	1,553

7. Tangible capital assets

Category of Asset	Cost				Accumulative Amortization				Net Book Value	
	Opening Balance	Acquisitions	Disposals and Write-Offs	Closing Balance	Opening Balance	Acquisitions	Disposals and Write-Offs	Closing Balance	2008	2007
Machinery and Equipment	150	-	-	150	121	20	-	141	9	29
Vehicles	25	24	25	24	22	8	25	5	19	3
Total	175	24	25	174	143	28	25	146	28	32

Amortization expense for the year ended March 31, 2008 is $28 ($25 in 2007).

**Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)**

8. Accounts payable and accrued liabilities

The following table shows the accounts payables and accrued liabilities by category:

	2008	2007
Payables to third parties	8,795	7,056
Payables to other government departments	7,569	3,313
Total accounts payable and accrued liabilities	16,364	10,369

9. Employee benefits

(a) Pension benefits

The Agency's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. The 2007-2008 expense amounts to $7,051 ($6,383 in 2006-2007), which represents approximately 2.1 times (2.2 times in 2006-2007) the contributions by employees.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

**Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)**

(b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2008	2007
Accrued benefit obligation, beginning of year	11,523	10,796
Expense for the year	1,233	2,128
Benefits paid during the year	(1,856)	(1,401)
Accrued benefit obligation, end of year	10,900	11,523

10. Contractual Obligations

The nature of the Agency's activities can result in a multi-year contracts and obligations, whereby the Agency will be obligated to make future payments when the goods and services are received. Significant contractual obligations that can be reasonably estimated are summarized as follows.

	2009	2010	2011	2012	2013	Total
Professional Services	4,253	864				5,117
Temporary Help	600					600
Management Consulting Services	248					248
Advertising Services	190					190
Total	5,291	864	-	-	-	6,155

Notes to Financial Statements (*unaudited)*
For the year ended March 31, 2008
(Figures are in thousands of dollars unless otherwise indicated)

11. Related Party Transactions

Services provided without charge:

The Agency is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The department enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Agency receives services which were obtained without charge from other Government departments as presented in the following table:

	2008	2007
Accommodation	5,034	4,167
Employer's contributions to the health and dental insurance plans	4,286	4,234
Legal services	865	188
	10,185	8,589

The government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services, are not included as an expense in the Agency's Statement of Operations.